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June 13, 2006

VIA FACSIMILE: 916-322-1932

Luisa Menchaca  
General Counsel  
Lawrence T. Woodlock  
Senior Commission Counsel  
California Fair Political Practices Commission  
428 J Street, Suite 620  
Sacramento, CA 95814

RE: Interested Persons Meeting – Proposed Regulation 18530.3

Dear Ms. Menchaca and Mr. Woodlock:

Submitted herewith is a proposed alternative to your draft Proposed Regulation 18530.3, concerning the reporting of expenditures from political parties' federal campaign accounts. I have submitted this proposal in advance of the Interested Persons meeting which I understand will take place on June 20, 2006, because of a pending conflict with an FPPC-related OAH administrative hearing on the same day.

My proposed Regulation addresses the five issues that the California Republican Party believes warrant appropriate, state regulatory guidance in this area:

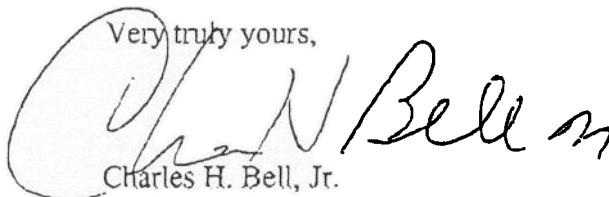
- (1) disclosure of "contributions" made for a state political purpose that nonetheless require use of federal funds, including Federal Levin funds;
- (2) disclosure of allocated non-federal or Federal Levin funds which are functionally "expenditures" made for a state political purpose;
- (3) limited disclosure of "contributions" on the allocation page of the state campaign disclosure form and the corresponding exclusion from disclosure of federal hard dollar contributors' contributions, or a portion thereof, when federal hard dollar funds are required to be used for a state political purpose;

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(4) disclosure by state campaign committees, including major donor committees, of Federal Levin contributions they made to state or local political party committees; and

(5) a specific requirement that political party committees provide major donor notices if applicable, to donors of Federal Levin funds.

Please feel free to contact me if you have any questions concerning this Proposed Regulation.

Very truly yours,  
  
Charles H. Bell, Jr.

CHB/jg

Enclosure

1 **Proposed Regulation 18530.3**

2 **18530.3 Reporting of Specified Contributions and Expenditures by Political Party Committees**

3  
4 (a) A political party committee as defined in Government Code section 85205 shall disclose on its  
5 campaign reports filed pursuant to this title contributions known as "Federal Levin Funds" pursuant  
6 to title 2, U.S.C.A., section 441i(b)(2)(B)(iii), which are [functionally] "contributions" made for a  
7 state political purpose under Government Code section 82015.

8 (b) A political party committee as defined in Government Code section 85205 shall disclose on its  
9 campaign reports filed pursuant to this title the non-federal or Federal Levin Fund allocated  
10 expenditures made for purposes described in title 2, U.S.C.A., section 441i(b)(2) (A) and (B) and  
11 section 431(20), and title 11, Code of Federal Regulations, sections 300.32(b)-(d) and 300.33 as  
12 "federal election activity," which are [functionally] "expenditures" made for a state political purpose  
13 under Government Code section 82025.

14 (c) A political party committee as defined in Government Code section 85205 shall disclose on the  
15 allocation page of schedule D of its FPPC Form 460 reports, and on any other reports which a  
16 political party committee is required to file under the Political Reform Act, any expenditures by its  
17 federal committee that are required by title 2, U.S.C.A., section 441i(b)(2)(B) and 431(20)(A)(iii)  
18 which are "contributions" to or "independent expenditures" on behalf of any state or local candidate  
19 or ballot measure, as defined in Government Code sections 82015 and 82031. The political party  
20 committee shall not be required to allocate or itemize any contributions received by its federal  
21 campaign committee used for the purposes described in this subdivision under Government Code  
22 section 84211(f), (g), or (h).

23 (d) Any committee described in Government Code section 82013, including any major donor committee,  
24 shall disclose on its periodic state campaign disclosure reports any contribution it has made to the  
25 Federal Levin Fund account of a political party committee as defined in Government Code section  
26 85205.

27 (e) A political party committee as defined in Government Code section 85205 shall provide notification  
28 of potential major donor committee filing obligations under Government Code section 84105 and 2  
CCR 18427.1, to donors of contributions reported under subdivision (a) of this section.

Authority: Government Code sections 82015, 82025, 82031, 85205

Draft 6/12/06